



Date: July 9, 2012  
To: Executive Board  
From: Ezra Rapport  
Executive Director  
Subject: **Executive Director's Report**

Attached is a list of the main budget bill and the 26 "budget trailer" bills which constitute the 2012-2013 state budget. Historically, budget trailer bills have been utilized to implement the policy decisions made in the Budget Act. Decisions made in the budget require implementation through changes in statutes. For example, when the Legislature and the Governor decided to "score" revenue taken from local redevelopment agencies (RDA) as state revenue, changes in the statutes regarding RDA law were necessary.

The budget process in Sacramento has been changed significantly by the passage of Proposition 25, the Majority Vote for the Legislature to Pass the Budget Act, on November 2, 2010. Proposition 25 ended the previous requirement that two-thirds of the members of the California State Legislature had to vote in favor of the state's budget for the budget to be enacted. Proposition 25 also requires state legislators to forfeit their pay in years where they fail to pass a budget by the June 15th constitutional deadline.

The primary change to Section 12 of Article IV of the state constitution was the addition of a new subsection (e) as follows:

"(e) (1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by roll call vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, "**other bills providing for appropriations related to the budget bill**" shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature." (emphasis added)

Paragraph (2) of subsection (e) has created an opportunity for considerable mischief! The party in control of a majority of the Legislature can now pass bills changing statutes and declare that they are "bills providing for appropriations related to the budget bill" by adding a small appropriation and declaring that they are budget related. Through this tactic, measures may be passed by majority vote and become effective immediately—something which normally requires a two-thirds majority vote.

An example of the use of budget trailer bills to make changes in law not really a part of the budget is AB 1499, the budget trailer bill on elections. This measure will give the Governor's tax increase proposal first billing on the November ballot—pushing his proposal ahead of other propositions which otherwise would have appeared in the earlier spots on the November ballot.

### **Key Budget Trailer Bills Impacting Local Government**

#### **AB 1484 Redevelopment**

Follows-up on 2011 legislation to dissolve redevelopment agencies, modifies enforcement mechanisms, and provides new economic development for local governments. Specifically, makes the statutory changes needed to achieve a total of \$3.3 billion of budget savings related to the dissolution of redevelopment agencies (RDAs) as estimated in the Governor's May Revision of the Budget. The bill includes:

- A process to identify excess redevelopment property tax revenues that should have been allocated to schools this month, but was withheld by successor agencies or county auditor controllers, and requires the rapid allocation of those funds.
- The bill also requires an audit process to identify and locate the assets of the former redevelopment agencies and to require the return of cash balances for distribution as property tax number. After successful completion of these processes, successor agencies and their communities will be entitled to retain most real estate assets of the former RDAs consistent with a plan that they develop for their use, use excess RDA bond proceeds for additional projects, and receive repayments of community loans to the former RDAs over time.
- The bill also makes many additional specific changes intended to facilitate the dissolution and winding up process, better resolve disputes, and provide additional tools and certainty.
- Furthermore, the bill provides for repayments of loans from the Low and Moderate Income Housing Funds, defines housing assets, and authorizes the expenditure of excess housing bond proceeds for affordable housing purposes.

#### **SB 1023 Public Safety Realignment**

Makes various statutory changes necessary to implement financing for the 2011 state-county public safety realignment. Specifically, adds to list of felony crimes punishable by imprisonment in state prison; allows a court to suspend all or part of a jail term and in turn commits offender to mandatory supervision in the Community, makes changes to Parole hearing Revocation Process, specifies that a parolee held in a local jail is under the sole legal custody and jurisdiction of the local county facility; makes a number of time limit changes to County Population Cap Release, post release community supervision, revocation of parole time limit, notification and report time limits for parolees locally. Funding provisions include changes in

Juvenile probation and Juvenile Camp funding. In regards to CalEMA Grant Funding certain funds will now go directly to counties and cities according to specific percentage allocations.

**SB 1018 – Resources and Environmental Protection**

**Makes various statutory changes to natural resources, environmental protection, and energy programs that are necessary to implement provisions of the revised 2012-13 budget.** This includes some CEQA provisions that would exempt from its provisions certain types of ministerial projects proposed to be carried out or approved by public agencies, and emergency repairs to public service facilities necessary to maintain service. There are provisions addressing Underground Storage Tank cleanup Fund, deleting certain remedial and removal actions, provisions directing PUC to allocate for specified clean energy programs, and requirements for the Department of Parks and Recreation to develop a revenue generation program.

*In particular, Section 18 deletes the requirement that the DTSC establish source reduction technical assistance, research and outreach programs, and instead authorizes DTSC to establish a technical and research program to assist businesses in identifying and applying pollution prevention methods, to establish a technical assistance and outreach program to promote implementation of model pollution prevention measures for priority business categories and to provide pollution prevention and training resources. The bill would also make discretionary the development of the California Green Business Program. It also creates the California Pollution Prevention Advisory Committee with specified membership and duties.*

Section 24: Creates the Greenhouse Gas Reduction Fund and requires any money collected by the state board from the auction or sale of allowances pursuant to a market-based compliance mechanism to be deposited into the fund and available for appropriation by the Legislature.

**Under Article 11.1. Institutional Control**

25220. (a) The department shall notify the planning and building department of each city, county, or regional council of governments of any recorded land use restriction imposed within the jurisdiction of the local agency (pursuant to the former Section 25229, 25230, or 25398.7, as those sections read prior to the effective date of this article, or Section 25202.5, 25221, or 25355.5.) Upon receiving this notification, the planning and building department *shall do both of the following:*

(1) File all recorded land use restrictions in the property files of the city, county, or regional council of government.

(2) Require that a person requesting a land use that differs from those filed land use restrictions on the property apply to the department for a variance or a removal of the land use restrictions pursuant to Section 25223 or 25224.

**(b) A planning and building department of a city, county, or regional council of governments may assess a property owner a reasonable fee to cover the costs of taking the actions required by subdivision (a). For purposes of this subdivision, "property owner" does not include a person who holds evidence of ownership solely to protect a security interest in the property, unless the person participates, or has a legal right to participate, in the management of the property.**

Analyses of all bills, including the budget trailer bills, are available at: [www.leginfo.ca.gov](http://www.leginfo.ca.gov)

## **ABAG/SFEP Proposals Selected for Funding**

### San Pablo Avenue Green Stormwater Spine

An additional project in El Cerrito to be funded by the Strategic Growth Council of the Natural Resources Agency for \$717,000 bringing the number of green stormwater treatment facilities to be constructed on San Pablo Avenue in seven cities to 8 in addition to the 2 existing rain gardens constructed El Cerrito.

### Greener Pesticides for Clean Waterways Campaign

An outreach campaign to address pesticide toxicity in Bar Area creeks and streams funded by the U.S. Environmental Protection Agency under the San Francisco Bay Water Quality Improvement Fund in the amount of \$250,000 and a local match of \$83,334 for a total budget of \$333,334.

### Flood Control 2.0: Rebuilding Habitat and Shoreline Resilience through a New Generation of Flood Control Design and Management

Project will develop and implement a set of innovative approaches to flood control management along the San Francisco Bay shoreline addressing two complementary approaches to transform excessive in-channel sedimentation into resources: channel redesign where sufficient land use flexibility exists, and sediment reuse for highly constrained channels. Project funded by the U.S. Environmental Protection Agency under the San Francisco Bay Water Quality Improvement Fund in the amount of \$1,552,059 and a partner match of \$1,570,000 for a total budget of \$3,122,059.

### Bay Area Green Infrastructure Master Planning Project

Will provide municipalities with a Low Impact Development (LID) Toolkit (a transferable GIS-based LID Siting Toolkit). The Toolkit will facilitate identification, evaluation and ranking of potential sites based on both their relative feasibility (e.g., cost) and their potential effectiveness in reducing pollutant loads and impacts to beneficial uses of Bay Area rivers, lakes, and streams. Project will also promote collaboration with partnering Bay Area municipalities to develop Green Infrastructure Master Plans. Project to be funded under a Proposition 84 Stormwater Planning Grant from the State Water Resources Control Board for \$597,901 and a partner match of \$217,000 for a total budget of \$814,901.

### Pending Hire

ABAG/SFEP is hiring an environmental scientist to assist the Regional Water Board with the development of a regional General Permit for all planned, unplanned, and emergency discharges from several water agencies within the San Francisco Bay Region.

## **ABAG/SFEP Selected Project Activities**

### Trash Capture Demonstration Project

A total of 66 Bay Area cities and counties are participating in the regional trash capture device installation project. A total of 2,129 devices have been ordered or installed. A total of \$2,949,203 in orders have been received out of a construction/installation budget of \$4,245,000. Deadline for municipalities to submit orders is September 1, 2012 and installation deadline is November 1, 2012.

Got Ants?

SFEP is developing a new outreach campaign geared towards encouraging residents dealing with ant problems in the home to use less-toxic solutions. Pesticides used on ants are linked to water pollution. The campaign will coordinate with a year-old effort to coordinate stormwater and wastewater pollution prevention at the regional level, known as the Bay Protection and Behavior Change effort, which represents the major municipal wastewater and stormwater agencies in the 9-county Bay Area. The Got Ants campaign will launch in the Fall with print and online advertising, a website, and Facebook page. The campaign will provide simple, step-by-step information about how to respond to ant incursions without damaging the environment.

Coastal Regional Sediment Management Plan for the San Francisco Littoral Cell

ABAG's SFEP division is coordinating public outreach and developing a governance structure for a regional sediment (sand) management effort to plan solutions to coastal erosion, loss of beach width, and other impacts to coastal infrastructure such as roads and wastewater treatment outfalls along the ocean coast between Fort Point, San Francisco, and Pedro Point, Pacifica. Consultant ESA PWA is collecting coastal hazard data, including sea level rise, and developing implementation options for municipalities including beach nourishment, multipurpose reefs, and managed retreat. The project held stakeholder advisory meetings in March and June, attended by municipalities and resource agencies. Public meetings on the issues and plan options will be held in July in San Francisco and Pacifica. The plan draft will be available for comment in the Fall.

Attachment: Trailer Bills

## 2012-13 Budget and Trailer Bills

### Bills Passed on June 15, 2012

<b>AB 1464</b>	<b>Budget Bill</b>
	<i>The 2012-13 Budget Bill, which includes trigger cuts to ensure the budget is balanced if the "Schools and Local Public Safety Protection Act of 2012" is not passed.</i>
<b>AB 1465</b>	<b>Transportation</b>
	<i>Makes various statutory changes to transportation-related programs that are necessary to implement provisions of the revised 2012-13 budget. Does not include any provisions related to High Speed Rail.</i>
<b>AB 1467</b>	<b>Health</b>
	<i>Makes various statutory changes to health-related programs that are necessary to implement provisions related to the hospital savings, copays and various other items included in the revised 2012-13 budget. This does not include provisions related to the Duals Demonstration and Integration Project (Coordinated Care Initiative).</i>
<b>AB 1470</b>	<b>State Mental Hospitals</b>
	<i>Eliminates the Department of Mental Health, establishes the Department of State Hospitals, increases county rate for commitment to state hospitals, and makes various other statutory changes necessary to implement provisions of the 2012-13 budget.</i>
<b>AB 1472</b>	<b>Developmental Services</b>
	<i>Makes various statutory changes to developmental services programs, including making significant new limitations on admissions criteria to the developmental centers that are necessary to implement provisions of the revised 2012-13 budget.</i>
<b>AB 1485</b>	<b>2011-12 Supplemental Appropriations Bill</b>
	<i>Provides deficiency appropriations for the current fiscal year to ensure that state departments can pay bills.</i>

### Bills Passed on June 27, 2012

<b>AB 1497</b>	<b>"Budget Bill, Jr."</b>
	<i>Makes modifications to the 2012-13 Budget Bill (AB 1464), which was pass by the Legislature on June 15, 2012. NOTE: This measure will replace AB 1495, which was also passed on June 15. (The Assembly will ask the Governor to return AB 1495 from the Governor's desk.)</i>
<b>SB 1021</b>	<b>Public Safety and Judicial</b>
	<i>Makes various statutory changes to public safety programs that are necessary to implement provisions of the revised 2012-13 budget.</i>

<b>SB 1022</b>	<b>Public Safety: Capital Outlay</b>
	<i>Provides capital outlay authority for construction of additional capacity at existing state prisons, and for county jails consistent with the 2011 public safety realignment.</i>
<b>SB 1023</b>	<b>Public Safety Realignment</b>
	<i>Makes various statutory changes necessary to implement financing for the 2011 state-county public safety realignment.</i>
<b>AB 1494</b>	<b>Healthy Families Program</b>
	<i>Transitions children from the Healthy Families Program into Medi-Cal through a 4-phased process; requires various "readiness" factors before transition</i>
<b>SB 1038</b>	<b>Boards and Commissions</b>
	<i>Eliminates, reforms, or reorganizes a number of state boards and commissions.</i>
<b>SB 1008</b>	<b>Health: Coordinated Care Initiative</b>
	<i>Makes various statutory changes to enact the proposed dual demonstration project for coordinating health care between Medi-Cal and Medicare eligible clients.</i>
<b>SB 1036</b>	<b>Human Services: Coordinated Care Initiative</b>
	<i>Makes statutory changes necessary to integrate IHSS into managed care as part of the Long Term Services and Supports integration included in the Duals Demonstration project (AB 1468/AB 1008).</i>
<b>AB 1499</b>	<b>Elections</b>
	<i>Makes changes to existing law regarding the order in which measures appear on statewide ballots; specifically moves initiative bond measures and initiative constitutional amendments ahead of legislative measures and other statutory initiatives.</i>
<b>AB 1484</b>	<b>Redevelopment</b>
	<i>Follows-up on 2011 legislation to dissolve redevelopment agencies, modifies enforcement mechanisms, and provides new economic development for local governments</i>
<b>AB 1502</b>	<b>UC and CSU Tuition</b>
	<i>Appropriates \$125 million each to UC and CSU, in 2013-14 (budget year +1); provides that these funds shall only be available to each segment if (1) the Governor's realignment/tax initiative measure is successful in November, and (2) the segment does not increase student tuition in 2012-13. Also appropriates additional \$38 million to UC for retirement costs.</i>
<b>SB 1016</b>	<b>Education</b>
	<i>Makes various statutory changes to the Proposition 98 budget for K-14 education, child care, higher education, including CalGrants necessary to implement the 2012-13 budget.</i>
<b>SB 1013</b>	<b>Child Welfare Services Realignment</b>
	<i>Makes the various statutory changes necessary to implement the state-county realignment of child welfare services funding.</i>
<b>SB 1014</b>	<b>Alcohol and Drug Programs Realignment</b>
	<i>Eliminates the Department of Alcohol and Drug Programs and makes the various statutory changes necessary to implement the state-county realignment of alcohol and drug funding.</i>

<b>SB 1009</b>	<b>Mental Health Realignment</b>
	<i>Makes the various statutory changes necessary to implement the state-county realignment of mental health funding.</i>
<b>SB 1020</b>	<b>Realignment Permanent Finance Structure</b>
	<i>Makes various statutory changes necessary to establish permanent financing structures for the 2011 state-county public safety realignment.</i>
<b>SB 1033</b>	<b>Cash Management</b>
	<i>Makes various statutory changes necessary to help the state manage cash resources in 2012-13.</i>
<b>SB 1041</b>	<b>Human Services</b>
	<i>Makes various statutory changes to human services programs, including the CalWORKs program and IHSS that are necessary to implement provisions of the revised 2012-13 budget. This bill does not include provisions related to the Duals Demonstration and Integration Project (Coordinated Care Initiative).</i>
<b>SB 1018</b>	<b>Resources and Environmental Protection</b>
	<i>Makes various statutory changes to natural resources, environmental protection, and energy programs that are necessary to implement provisions of the revised 2012-13 budget.</i>
<b>SB 1006</b>	<b>General Government</b>
	<i>Makes various statutory changes related to various state administration reform proposals put forth by the Administration, including reporting requirements related to the Fi\$Cal information technology project and various other general government and state administration-related provisions necessary to implement the revised 2012-13 budget.</i>
<b>SB 1015</b>	<b>Tax Compliance</b>
	<i>Enacts measures related to collection of taxes and enforcement of tax laws, thereby bringing additional revenue to state and local governments</i>